

6th April 1955]

MR. CHAIRMAN :—“ I do not think such a statement is necessary.”

SRI T. PURUSHOTHAM :—“ Sir, may I bring to your notice that a press communique was issued yesterday with regard to the programme of the Government for implementing the Second Five-Year Plan and it has appeared in one of the papers this morning? It is usual to place such press releases on the table of the House when the House is sitting. It would be a happy convention if such press communiques are placed on the Table of the House when the Houses of the Legislature are sitting. If not, the communique will appear in the Gazette and we will come to know of it.”

THE HON. SRI M. BHAKTAVATSALAM :—“ Yes, Sir. The Government will consider the suggestion and they will arrange to place it before the House.”

MR. CHAIRMAN :—“ Now, we shall proceed to the business before the House.”

V.—GOVERNMENT BILLS.

- (1) THE MADRAS GENERAL SALES TAX AND THE MADRAS TOBACCO (TAXATION OF SALES AND REGISTRATION) (AMENDMENT) BILL, 1955 (L.A. BILL NO. 9 OF 1955).

* THE HON. SRI M. A. MANICKAVELU :—“ Sir, I move—
‘ That the Madras General Sales Tax and the Madras Tobacco (Taxation of Sales and Registration) (Amendment) Bill, 1955 (L.A. Bill No. 9 of 1955), as passed by the Assembly, be taken into consideration.’

This taxation on cigarettes and certain varieties of cigars and cheroots is not new. We have already passed an Act called the Tobacco (Taxation of Sales and Registration) Act in the year 1953. Hon. Members are aware of the circumstances under which that Act was passed. Previous to the passing of that Act, the Central Government were levying an excise duty and they were paying a contribution from that, which we were having. When that was in operation, we were prevented from taxing these articles. The Central Government said that we were at liberty to have our own taxation and stopped the contribution they were paying. That was why the Act of 1953 was passed. But under that Act certain categories of cigarettes, cigars and cheroots were not taxed. Cigarettes which were sold at less than three pies were not taxed, because that was considered to be the poor man's luxury or vice, whatever it may be. Now, it is proposed to tax that variety of cigarettes also, that is, cigarettes which are priced low. Hon. Members need not think that by taxing that variety of cigarettes, the price of cigarettes will go up. It will not go up. It will be sold only at the old rate, viz., at three pies, and therefore this tax will not fall on the consumer. It has been so arranged that the manufacturers of that variety of cigarettes will adjust it in their margin of profit and therefore, in effect there

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will be no increase in the price of cigarettes. They will be sold at the rate of three pies alone. (Sri Alexander Gnananuttu: 'Sir, may I know who are the manufacturers?') The Imperial Tobacco Company, etc. With regard to cigarettes and cheroots which cost less than 2 annas, it is proposed to tax them under the General Sales Tax Act, but the tax will be only at one point. In the case of raw tobacco, it will be liable to tax only at the point of the first purchase effected in the State of Madras by a dealer and there also the rate is too low. It will be taxed at the rate of six pies for every rupee. I say 'low', because the average number of transactions that an article undergoes before it reaches the consumer is four or five. So half an anna is not a big sum, considering that it is a single point tax. These are the amendments that have been proposed in this Bill. I hope the House will agree to this reasonable measure."

MR. CHAIRMAN:—"Motion moved—

'That the Madras General Sales Tax and the Madras Tobacco (Taxation of Sales and Registration) (Amendment) Bill, 1955 (L.A. Bill No. 9 of 1955), as passed by the Assembly, be taken into consideration.'"

DR. V. K. JOHN:—"Mr. Chairman, Sir, I am sorry I cannot agree that this is a reasonable measure. I think that this is a most unpopular measure, at the same time, a very oppressive measure. In spite of the promise that the dealer will pay out of his pocket, in practice it will be a burden on the poor man. The poor man cannot escape it. Some method will be adopted to put the burden on the poor man. Sales tax, as I have very often said, is a very regressive measure of taxation. The burden falls on the poor man. It adds to the cost of living. It reduces the purchasing power of the people. Therefore, we must first settle the principles upon which sales tax should be imposed. Somehow or other, from the time this was imposed, we have been trying to collect more and more money out of this taxation and we have amended this Act many times and included many articles almost every year, but nevertheless the collections from the sales tax are going down. There have been diminishing returns from this tax, (Interruption by the Hon. Sri C. Subramaniam.) Of course, we have excluded a few articles this year. I would therefore suggest to the Government that we must first settle the principles on which sales tax should be imposed. If it adds to the cost of living, if it is a burden on the poor man, if it reduces the purchasing power of the public and if ultimately it will result in diminishing returns, then let us fix the principles first.

"I would suggest that there should be no sales tax on articles produced in this State. Thereby we may encourage production in our State and the price of things produced here would be cheaper. Let us evolve some principle. (The Hon. Sri C. Subramaniam :

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'Sir, can we discriminate like that?') I do not mind imposing sales tax on articles which are not produced here and which are imported. Generally speaking, I am against it, but I am certainly against sales tax being levied on articles produced in this State and particularly on articles which are consumed by the poor man. If a man has to purchase a beggar's bowl, he has to pay some tax upon it. If we want to purchase some rice, tobacco or some article of necessity, we have to pay sales tax. It is this sales tax which is ruining our State and we are bringing in measure after measure in respect of this tax instead of abolishing it altogether. I appeal to the Government to lay down the principles on which we will have a progressive form of taxation. Let us take income-tax. A man getting an annual income of Rs. 4,200 has to pay income-tax and even there for the first Rs. 3,000 there is no tax. Why is it so? It is because it affects the purchasing power of the people. In America the policy is to put more money into the hands of the people so that their purchasing power may be increased. Two dollars is paid to a worker for every hour's work. He gets about Rs. 2,000 a month. He can even purchase a car. There the purchasing power of the people is high, production is high and the income which the Government derive is also high. Here we are doing just the opposite. We are making the cost of living high and we are taking away the purchasing power of the people. The result is, there is the diminishing return and people are impoverished. I ask the Government to consider very seriously the principles on which this regressive form of taxation is imposed.'

3 p.m.

SRI V. CHAKKARAI CHETTY :—“ Mr. Chairman Sir, I am unable to say whether the very fine assurance given by the Hon. Minister will satisfy the people. Sir, it is stated that even Gods smoked. I do not know whether this taxation measure will affect not the Gods in the other world but the Gods in this world and I mean by Gods the people who are accustomed to smoke. The use of tobacco helps in soothing the nerves. I myself smoke and it remains to be seen how it is going to affect my pocket. I do not know whether the people who sell cigars, cheroots, cigarettes, etc., are going to increase the prices of these articles. We are thankful for the assurance given by the Hon. Minister that this tax is not going to be a heavy burden upon the poor people. Anyhow, the hon. Deputy Leader of the Opposition has voiced the principal objection that ‘Sales Tax’ is an oppressive taxation and that this kind of taxation should be abolished. Just at the present time when unemployment is on the increase, we ought not to introduce measures which will touch the pockets of poor people. Although I thank the Hon. Minister for the assurance given, I also endorse the protest lodged by the hon. Deputy Leader of the Opposition that Sales Tax is an irrational measure. The Sales Tax seems to be a gold mine for the Government because

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they derive a large portion of revenue out of that. If this tax is abolished, the Government itself will topple down and will not be able to continue its work. Therefore, the levy of this tax is enthusiastically upheld by the Government. Although the income derived from the taxation on tobacco is somewhat on the decline, still it is considered an oppressive burden by poorer classes of people who are accustomed to smoke. The people living in northern areas, especially those living in the Andhra area are accustomed to smoke to a greater degree than the people living in our State. But it remains to be seen how far this taxation measure is going to affect the poor people. I have seen some printed representations from merchants of this State dealing in tobacco protesting against this measure and saying that this tax ought not to be imposed and that either it should be withdrawn or that the mischief in the measure must be minimised. I think the Government also must have received a copy of these representations. I have no hesitation in saying that although we may give some kind of general approval, yet we do not do it enthusiastically and except for the sake of Government requiring finances we are not in favour of sales tax at all."

* SRI K. BHASHYAM :—" Mr. Chairman Sir, generally I am against taxation of food articles. But, so far as tobacco is concerned, according to me, it is a luxury article. In fact, every student in the high school, every student studying in a college smokes and spends a good deal of the money of his parents in smoking. Tobacco is not a good article. I do not think therefore there can be any objection to the taxation on tobacco. Hon. Members may think that I am a purist, because I am talking in this fashion. I would like to point out that while necessary food articles require to be exempted, unnecessary food articles need not be exempted. But, we all know, Sir, that this practice of smoking is prevalent among the poor people, that they have taken to the habit of smoking very largely, and that the use of tobacco in some form or other has become such a necessity that it has almost become a food article. It is really difficult to make a reconciliation in this matter. If we really want to reduce the consumption of tobacco and products manufactured out of tobacco like cigarettes, there must be some sort of taxation on tobacco."

SRI ALEXANDER GNANAMUTTU :—" Is this taxation going to prevent students from smoking? "

* SRI K. BHASHYAM :—" I expect so, Sir, and I hope that the teachers who are in charge of the pupils will set an example to them. What I want to point out in this connection, is this. The habit of smoking is prevalent among poor people also and

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they find some consolation in smoking, just as they found in drinking. But on this score, people may say that drinking is also a necessary food article and that it ought not to be prohibited. I welcome this tax because it imposes a tax on an unnecessary article and a luxury.

“ I am not able to understand the assurance given by the Hon. Minister that poor people are not going to be affected as a result of this taxation measure. The Hon. Minister who is piloting this Bill has given an assurance that the Company dealing with the manufacture or sale of cigarettes, etc., will not increase their prices. My point is this. I wish to know how the Government are going to see that prices of these articles are not raised. The companies dealing with these products will not give up their profits. There must be some provisions in the Act itself which will have a compulsive force and which will prevent them from increasing the prices. The present management of Messrs. Spencer & Co. may be agreeable to keep the prices of cigarettes, etc., at the present level of prices itself. But what is to happen later on if this agreement is not kept up by the company? This sort of solution to the problem of traders charging higher rates for cigarettes, etc., as a result of passing this measure, is not a dependable solution at all. The agreement that the Government have arrived at cannot be enforced by statute in a Court of law because there are no binding provisions in the main Act itself. Besides, there are numerous small dealers in this State dealing in tobacco and products manufactured out of it and suppose they charge higher prices for them. There are no provisions in the Bill to prevent them from doing that. Therefore, Sir, I do not feel any consolation in the fact that the manufacturers have assured the Government that the prices of cigarette, etc., will not be increased as a result of passing this measure.”

* SRI A. GAJAPATHY NAYAGAR :—“ கனம் மன்றத் தலைவர் அவர்களே, இந்தப் புகையிலை வரியைத் தனிப்பட்ட ஒதாவில் நான் வரவேற்கின்றேன். புகையிலை அதாவது புகை இல்லை இல்லை என்று சொல்லிக்கொண்டு புகையை விட்டுக்கொண்டே சிலர் இருப்பது எனக்கு மனவருத்தமாக இருக்கிறது. சினிமாவுக்குப் போனால் அங்கே ஒரே புகை, வண்டியிலே சென்றாலும் அங்கும் ஒரே புகை, மொட்டைப் பசுக்களெல்லாம் இப்போது பீடி, சிகரெட் பிடிக்க ஆரம்பித்துவிட்டார்கள். அவர்கள் பக்கத்தில் பெரிய மனிதர்களும் உட்கார்ந்துகொண்டு புகை பிடிக்கும் பெரும் கேடான பழக்கம் இன்று வந்துவிட்டது. நம் நாட்டிலே கள்ளைக் குடிக்கக்கூடாது. மற்றும் கஞ்சா அருந்தக் கூடாது என்றெல்லாம் சட்டம்செய்திருக்கிறார்கள். காரணம் அதனால் உடல்நலம் கெட்டுவிடும் என்று சொல்லுகிறார்கள். ஆனால் புகையிலை நஞ்சாக இருக்கிறதே? கள்ளைக் குடித்தாலும் குடிக்கலாம், இந்தப் புகையிலையைக் குடிக்கக்கூடாது என்று நான் சொல்லுகிறேன். ஏன்? கள் என்பது ஒருவித உணவு, ஆனால் புகையிலையோ கொடிய நஞ்சு. இது என்னுடைய சொந்த அபிப்பிராயம். மேலும் இது வீண் செலவு. இன்று ஆண்களும், பெண்களும் புகைப் பிடிக்கக் கற்றுக்கொண்டார்கள். ஒரு நாள் நான் ஓட்டலுக்குப் போயிருந்தேன். அங்கு ஒரு பெண் வந்திருந்தாள். நெருப்பு பெட்டி கொடுங்கள் என்று கேட்டாள். காரணம் அவள் சிகரெட் பிடிக்கிறாளாம்.

[Sri A. Gajapathy Nayagar] [6th April 1955]

அதற்காக என்னிடம் நெருப்புப் பெட்டி இருக்கிறதா என்று கேட்கிறீர். ஏன் சொல்லுகிறேன். இன்று இதெல்லாம் நாகரீகமாகவும், வண் செல்வாகவும் போய்விட்டது.

3-10
p.m.

“ஒருவர் ரூ. 2,500 சம்பளம் வாங்குவார். ஒரு நாளைக்கு 50 சிகரெட் அல்லது 1 டின் சிகரெட் வாங்கி அதற்காக ரூ. 2½ செலவு செய்வார். ஆனால் அவரை தர்மத்திற்காக 2½ அணு கொடு என்றால், அப்படி கொடுக்க மனமே வராது. இப்படி சிகரெட் குடிப்பதால் அவர்களுக்கு தர்மசிந்தனையே அழிந்துவிடுகிறது. மேலும் சிகரெட் குடிக்கத்தான் எண்ணம் போகிறது. நம் நாடு உஷ்ணப்பிரதேசம். மேலும் இது நஞ்சு. ஆகவே இந்த மசோதாவை முழுதும் வரவேற்கிறேன். அதைத் தடுக்கும் முறையில் 25-க்கு மேல் வயது வந்தவர்களைத் தவிர்த்து புகை பிடிக்கலாம் என்று ஒரு சட்டம் கொண்டுவந்தால், அதை நான் முதலில் வரவேற்பேன் என்பதைச் சொல்லிக்கொண்டு, இந்த வரியை நான் ஆதரிக்கிறேன்.”

SRI MOHAMED RAZA KHAN:—“Sir, it is so difficult for me to talk immediately after a member of my party has given full support to this Bill. But he has expressed his individual opinion. As far as the subject matter of the Bill is concerned, it can be a taxation measure as was properly stated by the Hon. Minister for Finance and that the Government want some more money and therefore they feel that they should tax. I quite appreciate it. The issue before us is not whether smoking is good or bad. Nobody could, by any stretch of imagination, take this Bill as a sort of preventive measure. This is not a preventive measure. Instead of paying three pies the people will pay four pies, or instead of spending Rs. 20, they may be spending Rs. 22 or Rs. 23. Therefore, under no circumstances this can be a preventive measure and any amount of argument in support of this Bill is not going to change the circumstances. Situated as we are, discussing the taxation measure, let us not go into the effect, good or bad, of smoking. There may be a better platform where we can also produce thousand and one arguments. I can say with your permission, Sir, that eminent personalities, politicians and statesmen have been the heaviest smokers possible not only in our country but throughout the world. Even the man who has retired last night has been the heaviest smoker possible. I leave it at that.

“At the very outset the Hon. Minister for Revenue himself said that at one stage they thought that tobacco should be exempted from the purview of the tax because it is a poor man's luxury. He now says ‘As we feel that we should have some more money, we want to have this taxation.’ I quite understand and appreciate his point. However, I feel that this is a Bill which ought to have gone before a Select Committee, because it is not so simple as it looks to be. It is not a question whether it is a multi-point sales tax or single-point sales tax. Far from it, if you see the facts of it, it is more than a multi-point sales tax, as far as I could understand it. Incidentally, I may congratulate the Hon. Minister for Finance on his determination and tenacity with

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which he got this Bill through in the other House and brought it up here, because I heard, Sir, that there was a demand from outside that the matter should be referred to a Select Committee so that they might have a chance of placing their grievances before the Hon. Ministers for Finance and Revenue. The Government may or may not accept their suggestions. That is a different thing."

THE HON. SRI C. SUBRAMANIAM :—" May I inform the hon. Member that the persons, who are affected by this Bill, not the smokers, but the merchants and producers, are more than satisfied with the provisions of the Bill? "

SRI MOHAMED RAZA KHAN :—" Sir, I have no reason to contradict what the Hon. Minister said. But that is my information from what I gather from the number of memoranda which had been sent to hon. Members of the Legislative Council and the Assembly. We are not here to plead their case. We are not interested in them. The only point of view of the legislators here is whether these cigarette-making and beedi industries which are nothing but cottage industries would be affected by the operation of this tax. That is what I want to submit, Sir. If really the Hon. Minister says that they themselves were satisfied that the industries are not going to be crippled, after all we have no valid objection. My whole point is this. Being a cottage industry in this State, and when it is the desire of the Government that cottage industries should be improved as those industries give a chance for further employment, my only anxiety and the actual consideration is whether the Government can make out a case that the industry by itself will not be affected by this fresh taxation.

" Sir, even in the clauses of this Bill, it is stated that there will be a tax at two points. One is when they purchase tobacco and the other is when they manufacture tobacco either in the form of a cigar or beedi. Therefore, the tax will ordinarily be one anna. But the Hon. Minister had added a proviso. If I understand it correctly, anybody has to pay one-anna. He is paying half-anna on the purchase of the tobacco, but he will be given a rebate at the time, when the cost of manufacture is calculated. Therefore, the point remains, whatever it is, that the tax will come to one anna in the rupee."

THE HON. SRI C. SUBRAMANIAM :—" If a person has paid tax on the purchase of raw tobacco, then he is given rebate to that extent when he pays sales tax on the manufactured tobacco. Therefore, where is the question of paying one anna? He has to pay only half-anna on the manufactured tobacco. That is all."

SRI MOHAMED RAZA KHAN :—" Possibly, I may be wrong. But I want the point to be clarified. He pays half-anna on the purchase of tobacco. I do not know whether excise duty is excluded from it, or it is also included. That is another point. When his

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sales come to Rs. 4 or Rs. 5 lakhs, he will get a proportionate rebate for the tax which he has already paid on raw tobacco. I think that is the position."

THE HON. SRI C. SUBRAMANIAM :—" Whatever tax is paid will be given as rebate. It is enough if he pays the balance. Or else, he pays in full and gets a refund of the amount of tax already paid."

SRI MOHAMED RAZA KHAN :—" The statement of the Hon. Minister for Finance may be correct. I leave the matter at that. However, my reading of the situation is that he has to pay something more than half-anna. Otherwise, the Hon. Minister for Finance would have simplified the whole issue by saying 'when there is a first sale, you pay six pies to the Government'. The matter would have ended there. From the way in which the clause is drafted, I have got a doubt or suspicion, unless it is clarified. However, the Hon. Minister for Finance was kind enough to bring in a proviso wherein a rebate is given and the proviso reads thus :

' Provided that where a dealer who has paid tax in respect of his turnover relating to goods included in clause (vii) has also paid the tax on the purchase of raw tobacco used in the manufacture of such goods under clause (viii) he shall be entitled to a rebate to the extent of tax paid in respect of the raw tobacco so used.'

Here also there is a small defect. I think it might not have been brought to the notice of the Hon. Minister. The proviso says 'in respect of his turnover relating to goods included in clause (vii)'. I think it must be item (vii). There is some defect in the drafting itself. Similarly 'in the manufacture of such goods under clause (viii)' should be 'in the manufacture of such goods under item (viii)'. I think that has been overlooked by the department. If it is so, it may be corrected.

" With regard to the tax on cigars, etc., I do not like to make any suggestion in the matter. After all it is not a question of people paying quarter-anna or half-anna. When at one stage the Government say that they would exclude a certain thing from the operation of the tax, there is no point in trying to tax that thing within 17 or 18 months. If really the Hon. Minister for Finance feels that these two industries are not going to be affected and that the tax will be working at the minimum of 3 per cent, I am satisfied. But if the Hon. Minister for Finance or Revenue at any time finds that the industries are being affected by this taxation measure, I hope they will be too willing to make necessary amendments. After all, our anxiety is that the people who are employed in these industries, not a few thousands but lakhs, and particularly when their complaint is that they are getting a poor wage, and particularly at a time when their demands are also increasing, should not be affected. We want that there should be contented labour and maximum employment. Whether smoking is bad or good, is beside

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the point. As was promised by the Hon. Minister for Finance, if at any time we find that this taxation measure is working very harshly on these two industries, I think he will be the first man to come forward and make necessary amendments."

* SRI N. ANNAMALAI PILLAI :—"கனம் சபாநாயகர் அவர்களே, இந்தப் புகையிலை வரி மிகவும் அவசியமானது. ஏனென்றால் சிகரெட்டினாலே ஜனங்களுக்கு வியாதி உண்டாகிறது. பெரும்பாலோர் வேடிக்கைக்காகவும், நாகரீகத்திற்காகவும், கௌரவத்திற்காகவும் அல்லது சந்தோஷமாக இருப்பதற்காகவும் இதைப் பிடிக்கிறார்கள். மனிதன் உணவிலல்லாமல் தரித்திரத்தில் மூழ்கி தத்தளித்துக்கொண்டிருக்கும் போது இந்த தேசத்திலே சிகரெட்டிற்காக பணத்தை செலவிட்டு கஞ்சிக்கு இல்லாதவர்களை தவிக்கவிடுவது கொஞ்சமும் நியாயமில்லாத காரியமாகும். பணம் ஒருவரிடத்தில் இருக்கிறதென்றால் அந்தப் பணமானது பணக்காரர்களுக்குச் சொந்தமானதல்ல. அதெல்லாம் இந்த தேசத்தின் பொது சொத்து. சட்டத்தின் பேரிலேதான் ஒருவரிடத்தில் குவிந்திருக்கிறது. அந்தச் சட்டமானது ஒழிக்கப்படுமானால் பணம் இல்லாதவர்களுக்கு அவை களைப் பிரித்துக் கொடுக்கப்படும். அதற்காகத்தான் இப்போது பல கட்சிகள் தோன்றி எப்படி சமத்துவத்தை ஏற்படுத்துவது என்பதைப்பற்றி பெரியதொரு ஆலோசனை செய்துகொண்டிருக்கின்றன. நானும் அதைப் பற்றி ஆலோசனை செய்துகொண்டோன் இருக்கின்றேன். இப்பொழுது சர்க்கார் நிலச் சீர்திருத்தம் எப்படிக் கொண்டுவருவது என்பதுபற்றி ஆலோசனை செய்துவருகிறது."

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"சாதாரணமாக சிகரெட்டு பிடித்து வீணுக்கக்கூடிய பணத்தை நாட்டின் வறுமையைக் களைவதற்கு உபயோகிக்கக்கூடிய முறையில் வழி செய்யவேண்டும். நண்பர் கஜபதி நாயகர் கூறுவதுபோல் புகையிலையைக் குடிப்பதனால் தர்மசிந்தனையே அழிந்துவிடுகிறது. தர்மத்திற்காக இரண்டண கொடு என்றும் கொடுக்கமாட்டார்கள் என்று அவர் சொல்லுவது உண்மையே. ஆனால் இன்றைக்கு ஒரு சிகரெட்டுக்கு 2 அண, 2½ அண கொடுத்து வாங்குகிறார்கள். நானும் முன்பெல்லாம் சிகரெட்டு பிடித்திருக்கிறேன். கொஞ்ச நாள் நானும் சிகரெட் வியாபாரம் செய்திருக்கிறேன். அப்பொழுதெல்லாம் தம்பிடிக்கு 2 சிகரெட் விற்பது. ஆனால் காலக்கிரமத்தில் ஒரு சிகரெட் 1½ அண, 2 அணவாக விற்கும் அளவுக்கு வந்துவிட்டது. அப்படி இருந்தும் ஜனங்கள் பணம் கொடுத்து வாங்கி சிகரெட் பிடிக்கிறார்கள்."

"இந்த நிலையை மாற்றுவதற்கு மதுவிலக்குச் சட்டம் கொண்டுவந்ததுபோல் ஒரு சட்டம் கொண்டுவந்தால் சிகரெட்டினால் வரும் நோயை நம் நாட்டிலே வராமல் தடுக்க முடியும். சிகரெட்டினால் காச நோய் உண்டாகிறது. எனக்குக்கூட இந்த சிகரெட்டைப் பிடித்ததினால் காச நோய் உண்டாயிற்று. அதை நிறுத்திவிட்ட பிறகு நோய் நின்று விட்டது. இது என்னுடைய சொந்த அனுபவம். இதை டாக்டர்கள் ஒத்துக்கொள்ளுகிறார்கள்."

DR. A. SREENIVASAN :—"நான் ஒத்துக்கொள்ளமாட்டேன்."

* SRI N. ANNAMALAI PILLAI :—"டாக்டர் சீனிவாசன் அவர்கள் இதை ஒத்துக்கொள்ளமாட்டேன் என்று சொல்லுகிறார். ஆனால் நான் இதைப்பற்றி வைத்திய நூலில் படித்திருக்கிறேன். வைத்திய நூல் புகை பிடிப்பதனால் இந்திரியம் நீத்துப்போகிறது என்று சொல்லுகின்றது. மனிதன் காலக் கிரமத்தில் சக்தியைக் கொஞ்சம் கொஞ்சமாக இழந்துவிடுகிறான் என்று வைத்திய சாஸ்திரத்திலே படித்திருக்கிறேன். டாக்டர் அவர்கள் படித்தது ஆங்கில நூலாக இருக்கலாம். ஆனால் நான் படித்தது அகஸ்தியருடைய சித்த வைத்தியமாகும். புகையிலை போடுவது கெடுதல் என்று எல்லோரும் ஒப்புக்கொள்ளு"

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MADRAS TOBACCO (TAXATION OF SALES
AND REGISTRATION) (AMENDMENT) BILL, 1955
(L.A. BILL NO. 9 OF 1955)

[Sri N. Annamalai Pillai] [6th April 1955]

கிறார்கள். இதை யாரும் ஆட்சேபிக்கமாட்டார்கள். முக்கியமாக புகையிலை போடுவதால் நோய் வருகிறது என்பதை எல்லோரும் ஒப்புக் கொள்ளுகிறார்கள்.”

* DR. A. SREENIVASAN :—“ On a point of information, Sir. The hon. Member Sri Annamalai Pillai quoted Agasthiyar. I would like to know whether at the time when Agasthiyar was in existence, tobacco was available in this country. It was not.”

SRI M. P. GOVINDA MENON :—“ ஸ்ரீ அண்ணாமலை பிள்ளைக்கு பீடி பிடிக்கிற பழக்கம் இருக்கிறதா ? ”

* SRI N. ANNAMALAI PILLAI :—“ எனக்கு இப்பொழுது பீடி பிடிக்கிற பழக்கம் கிடையாது. டாக்டர் அவர்கள் அகஸ்தியர் காலத்தில் புகையிலை இல்லை என்பதாகச் சொன்னார்கள். அந்தக் காலத்தில் இருந்ததா, இல்லையா என்பதில் இப்பொழுதுள்ள பிரச்சனை. அகஸ்தியருடைய நூலிலே புகையிலை கெடுதல் என்று சொல்லப்பட்டிருக்கிறது. அப்படி சொல்லி இருக்கும்போது அந்தக் காலத்திலே கட்டாயம் புகையிலை இருந்திருக்கவேண்டும். ஆனால் இன்று டாக்டர் அவர்கள் சொல்லுவதற்கு என்ன ஆதாரம் இருக்கிறது. அதற்கு ஆதாரம் கொண்டு வந்து காட்டினால் நான் ஒப்புக்கொள்வதற்கு தயாராய் இருக்கிறேன்.”

DR. A. SREENIVASAN :—“ நான் அதற்கு ஆதாரத்தைக் காட்டுகிறேன்.”

* SRI N. ANNAMALAI PILLAI :—“ டாக்டர் அவர்கள் கண்டிப்பாக ஆதாரத்தை இந்தச் சட்டசபையிலே கொண்டு வந்து காட்டுவார்கள் என்று நினைக்கிறேன்.”

SRIMATHI S. MANJUBHASINI :—“ It was called ‘Brahmapatram’. So it must have been in existence.”

* SRI N. ANNAMALAI PILLAI :—“ ஸ்ரீமதி மஞ்சபாஷினி பிரம்மபத்ரம் என்று சொல்லுகிறார்கள். பிரம்மபத்ரம் என்ற பெயரில் எத்தனையோ இருக்கிறது. அவர்கள் எந்த பிரம்மபத்திரத்தை சொல்லுகிறார்கள் என்று நான் தெரிந்துகொள்ள விரும்புகிறேன். புகையிலை உபயோகிப்பதால் நோய் நிச்சயமாக உண்டாகிறது. இந்த காரணத்தினால் இதை அடியோடு ஒழிப்பதற்கு சர்க்கார் ஒரு சட்டம் கொண்டுவரவேண்டும். இல்லாமற்போனால் மேல் நாட்டில் ஒரு வஸ்துவை வேண்டாமென்றால் கொஞ்சம் கொஞ்சமாக குறைத்துக்கொள்வதற்கு வழி செய்து அதன்மேல் அதிகமான வரியைப் போட்டு நாளடைவில் குறைத்து மறைந்து போகும்படி செய்வார்கள். அந்தமாதிரியான முறைகளைச் சர்க்கார் கொண்டுவந்து நாளடைவில் இதைத் தடை செய்வதற்கு வழி செய்யவேண்டும்.”

“ இப்பொழுது கொண்டுவந்திருக்கும் புகையிலை வரியானது மிகமிக அவசியமானது. இந்த புகையிலை அநியாயமாக ஜனங்கள் நோய்க்காளாகிறார்கள். அதனால் ஆஸ்பத்திரிக்குச் சென்று மிகவும் கஷ்டப்பட வேண்டியிருக்கிறது. இதையெல்லாம் நிவர்த்தி செய்வதற்கு இந்த சிகரெட்டின்மீது எவ்வளவு அதிகமான வரி விதிக்க முடியுமோ அவ்வளவையும் விதித்து மக்களை நல்லவர்களாகச் செய்வதற்கு வழி செய்யவேண்டுமென்று கேட்டுக்கொண்டு என் வார்த்தைகளை முடித்துக்கொள்ளுகிறேன்.”

* THE HON. SRI M. A. MANICKAVELU :—“ Sir, to start with the hon. the Deputy Leader of the Opposition, I may say he had no particular objection to the provisions of this Bill. That was why as usual he went on talking about the general question of

[6th April 1955] [Sri M. A. Manickavelu]

sales tax and said that it was bad. He did not raise any objection to the rate of this tax or to the single-point or multi-point levy. So, he raised only the usual objection to the imposition of sales tax. He has no objection to the Bill as such."

* DR. V. K. JOHN :—" I would remind the Hon. Minister that we are discussing at this stage only the principles of the Bill and not the various clauses. I have very serious objection to the rate proposed."

* THE HON. SRI M. A. MANICKAVELU :—" Even though he may have very serious objection, the trend of his speech was only against the principle of sales tax and not against this Bill. It was said that an assurance by a company that the price would not be increased would not suffice and that it was open to them to raise the price. But I shall give one or two reasons why they will not raise the price. In the first place, they will not raise the price because that will affect the sale of that variety of cigarette. It would be known that when the Tobacco Taxation Act of 1953 came into operation, certain varieties of cigarettes, I mean the high class cigarettes, were given up by many of these smokers and they took to the cheaper variety because the price of the higher variety of cigarettes was too much. So, even very fastidious smokers had to give up the high class cigarette and take to the cheaper variety. Here, if the cigarette manufacturing company raise the price, that means that they will drive the smokers to take to beedis which are cheaper. So, in their own interest, they will see that the price is as it is now. That is one reason. There is also another reason why the price of cigarette will not be raised. Now it is sold at three pies each. If on account of this tax, its price is to be raised, it can be fixed at four pies only, that is $\frac{1}{12}$ th of an anna will be the addition in its price. Now this small pie is not current. It has gone out of circulation. So, if it is priced at four pies, it is very difficult to sell it for that price and to find the coin for it.

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" Then, my Hon. Colleague, the Minister for Finance, points out to me that if the price is raised to four pies, the sales will come under the higher slab in respect of assessment. The tax will be higher. So, the dealers will not raise the price. Persons who are accustomed to this class of cigarettes need not worry about any rise in price. (Interruption by Sri Alexander Gnanamuttu.) That is a thing for hardened smokers like my friend.

" Sir, it was suggested that this taxation measure would have a reformative aspect. I wish it were so; but I know there are many who smoke and who cannot do without it. As my hon. Friend Mr. Bhashyam pointed out, students especially have taken to smoking in larger numbers. Even women students smoke and it is a pity. But this taxation will not affect them. It will not put a stop to smoking. The tax is very small and it will not operate as a preventive measure at all so far as smoking is concerned. The Government have not thought of this Bill in that light."

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SRI V. GURUNANDAN ROW :—“ May I know how much of extra revenue the Government are going to get by means of this taxation? ”

* THE HON. SRI M. A. MANICKAVELU :—“ It may be some thirty or forty lakhs of rupees. I can put it only roughly. As I have already said when I moved the Bill, the principle is nothing new. We are already committed to this principle of taxation and as regards cigarettes, this slight increase will not affect the price of cigarettes at all. As regards other articles—tobacco and its derivatives—the tax is so low that it will not affect their prices either.

“ Sir, my Friend, Mr. Raza Khan, said that there was double taxation. I do not know how he is able to infer there is double taxation. The process of taxation is this. Now raw tobacco is taxed at the purchase point. Some of the raw tobacco is converted into manufactured products like beedi or cigar. Then the manufacturer will be taxed on the first sale of such products. Now these two taxes—one at the purchase point in respect of raw tobacco and the other at the sale point of the manufactured product—will not be operative at the same time. If, however, tax is levied twice, then there will be a rebate allowed to the assessee in respect of the double tax paid by him. So, there will be no taxation twice.

“ Then, Sir, the same Member was saying that the Hon. the Minister for Finance was introducing this measure. It is the Revenue Minister that is doing it and I do not know why he was confused. Probably he has a grudge against me. He wanted some concession to be shown to the beedi manufacturers and in fact I have taken into consideration their case also. That is why in their case the tax is leviable only at the first point. It will not affect the beedi manufacturers. Small-scale manufacturers will not come under the purview of the Bill at all because the tax can be levied only if the turnover is Rs. 10,000. Most of the beedi manufacturers are small-scale manufacturers whose turnover is less than Rs. 10,000. In fact, the bigger manufacturers say that they have a grievance in that they will be taxed while the other small manufacturers will not be taxed. They feel they are at a disadvantage as compared with the small-scale manufacturers who have got the advantage of not paying tax. Sir, this exemption is intended only to encourage cottage industries and that is why we are still sticking to the turnover limit of Rs. 10,000. In the case of most of the beedi manufacturers the tax will be so low that it can be adjusted in the margin of profit itself. It will not be passed on to the consumer. They will not do it in the interests of the industry itself. The consumer will not have to pay this tax and, as Mr. Annamalai Pillai pointed out, it will not come from the poor people.”

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SRI MOHAMED RAZA KHAN :—" I am thankful, Sir, to the Hon. the Minister for Revenue for clarifying the position in regard to the mode of taxing. But I want to know from him one thing. Suppose the turnover of a beedi or cigar manufacturer is ten lakhs of rupees. This manufacturer would be paying to the Central Government by way of excise duty a considerable sum in respect of the articles covered by the turnover; at times even fourteen or fifteen annas in the rupee. I want to know whether in calculating his turnover for the purpose of assessment to sales tax, the payment made by him by way of excise duty will be taken into account and given due allowance."

* THE HON. SRI M. A. MANICKAVELU :—" In calculating the turnover, the excise duty that is paid is deducted. It will not be taken into account just as in the matter of payment of income-tax the insurance premium paid by the assessee is deducted from the income of the individual concerned."

MR. CHAIRMAN :—" The question is—

' That the Madras General Sales Tax and the Madras Tobacco (Taxation of Sales and Registration) (Amendment) Bill, 1955 (L.A. Bill No. 9 of 1955), as passed by the Assembly, be taken into consideration.' "

The motion was carried and the Bill was taken into consideration.

Clause 2.

MR. CHAIRMAN :—" Motion moved—

' That clause 2 do stand part of the Bill.' "

SRI MOHAMED RAZA KHAN :—" Sir, I move the amendments standing in my name, namely,—

' In the proposed item (vii) of section 5, for the words " six pies " substitute the words " three pies "'

' In the proposed item (viii) of section 5, for the words " six pies " substitute the words " three pies ".'

My amendment is very simple. I have already given due credit to the Hon. the Revenue Minister that he is as anxious as the Hon. the Minister for Finance to get as much revenue for the State as he can. We concede that whatever revenue is collected, is only for a definite or set purpose. But at the same time, let me point out one cardinal principle enunciated by various economists and also brought home to the Government by the hon. the Deputy Leader of the Opposition many times that before we launch upon any fresh scheme of taxation, a case must be made out that the particular industry or the commodity that is to be taxed is in a position to pay that tax. I am not out to defend the Deputy Leader of the Opposition. He needs no defence from me. He has

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been bringing this point to the notice of the Government always and I know the Government would not accept it in nine cases out of ten. If wisdom dawns upon the Treasury Bench at least on the one occasion I have pointed out, that will do and it will certainly help the economy of the State. I thought that when the Bill was first introduced, the Hon. Minister for Finance and the Hon. the Minister for Revenue, both combined, would put it as 3 pies per rupee as in the case of many other commodities. But now it is 6 pies per rupee. Therefore . . ."

THE HON. SRI C. SUBRAMANIAM :—" But for other articles, there is the multi-point sales tax."

SRI MOHAMED RAZA KHAN :—" Particularly the Hon. Minister for Revenue says that this tax cannot be passed on to the consumers because the nature of the trade is such, viewed from all points of view, I think the present tax of 6 pies per rupee will work very hard. I think it would be reasonable if the Government were to fix the tax at 3 pies per rupee initially when they first introduce the Bill. After the Bill is passed and after seeing the Act working for some years, they can increase the tax to 6 pies per rupee, if they are satisfied that that increase is justified. It would be logical, therefore, when the Bill is introduced that the sales tax should be only 3 pies per rupee and not 6 pies per rupee as proposed in the Bill. Therefore I think my amendment for changing the tax from 6 pies per rupee to 3 pies per rupee would be accepted."

* DR. V. K. JOHN :—" I am seconding the amendment moved by Sri Mohamed Raza Khan. I want to say a word or two. In this matter if I was given the power, I would have reduced the tax from 6 pies per rupee to one pie per rupee. I do not know whether the Hon. Minister for Revenue had read the extracts of the report of the Taxation Enquiry Commission headed by Dr. Mathai. Dr. Mathai had suggested $\frac{1}{2}$ per cent for a multiple taxation at one point. Half per cent works out to one pie per rupee. That means that if you tax at 4 points, it will work out to 2 pies. But here a huge figure of 6 pies per rupee is fixed."

THE HON. SRI C. SUBRAMANIAM :—" The Hon. Deputy Leader of the Opposition must quote correctly, when he quotes something from Dr. Mathai's report. What Dr. Mathai has said is at one point we can have higher taxation, but at every other point it should not be more than $\frac{1}{2}$ per cent or 1 per cent. Therefore at one point we may have as much tax as we like. But when it comes to be levied at other points, it should be of a small percentage, viz., $\frac{1}{2}$ per cent or 1 per cent. We have fixed the tax here, in this Bill, only at one point. At one point, we can fix the tax as much as we like, according to Dr. Mathai's report. We have fixed it at 6 pies per rupee. The question of fixing the tax at other points does not arise here, because only at one point, the

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tax is levied. Therefore we have followed Dr. Mathai in the report he has given to us and not deviated from his report, as is sought to be made out by the Deputy Leader of the Opposition."

* DR. V. K. JOHN :—" As much as 30 per cent of the turnover is being taxed under this Bill. I ask is this just. Is it right to tax 30 per cent of the turnover? Is it right for this Government to collect as much as 30 per cent of the turnover as tax? How much will a man make as profit when he does business? He may make 10 per cent of his turnover as profit. But you collect 30 per cent of the turnover as tax. You have given the figures in this Bill. Thirty per cent is a horrible amount for taxation purposes. Do you share the loss of the businessman? If he gets loss, do you share it? No. But at the same time you impose 30 per cent of the turnover as tax. This must certainly pass on to the poor man who buys this material. I have got friends here who say that people should not smoke. But smoking has come to stay. People do smoke. If it is the intention of Government that people should not smoke, let them prohibit it. But, Sir, many of the Ministers do smoke. I know that the Chairman of this august Council also smokes. I do not think there is anything wrong in smoking. When that is the case, if you impose 30 per cent of the turnover as tax, is it just? Even income-tax is not levied like this. If a man gets Rs. 10,000 as his income, the income-tax is on his income and it works out to very much less than 30 per cent. It may be 10 per cent or so. Therefore if only the Government were to consider this huge amount, viz., of taxing 6 pies in the rupee, they should not feel proud of the way in which they are managing the affairs of the State."

* THE HON. SRI M. A. MANICKAVELU :—" The Hon. Deputy Leader of the Opposition usually takes objection to our giving retrospective effect to any legislative measure. I take objection to his talking retrospectively about an Act which was passed in the year 1953. I do not know whether the Deputy Leader of the Opposition was present at the time when that Bill was passed. Had he been present, he would have voiced his strong opposition. Probably he had not been present at that time. I do not know why he was not present. In the present Bill, the taxation is only with regard to the last category of cigarettes, where we have fixed the percentage at 3½ per cent. But he is referring to 30 per cent and all that, which is not in this Bill and which I think it is not appropriate to talk at this stage.

" With regard to Mr. Raza Khan's amendment, he took objection to our mentioning it as a clause and not as an item. If there are clauses and sub-clauses, we could have put it as an item. But there was only one category and therefore what we have done will not create any confusion. (Sri K. Balasubramania Ayyar : ' It is an item here, but when it is incorporated in the Act, it would be

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a clause. That is what he said.') I accept the explanation given by an experienced lawyer. Therefore I would request the hon. Member, Sri Raza Khan, to withdraw his amendment."

SRI MOHAMED RAZA KHAN :—" The Hon. Minister for Revenue tried to make a point that the Deputy Leader of the Opposition talked something retrospectively. May I tell him that during last year when 1/3rd of the members of the Council were elected, for nine days, the newly elected members including the present Leader of the House, were not allowed to sit in the Council, simply for passing the Bill providing for that taxation of 30 per cent of the turnover. Therefore the Hon. Minister for Revenue cannot blame the Deputy Leader of the Opposition that he was not present at the time when that Bill was passed."

THE HON. SRI C. SUBRAMANIAM :—" That does not mean that every hon. Member should go on talking about the provision in a Bill, which had been passed long ago."

SRI MOHAMED RAZA KHAN :—" At the time when the new Members were elected, for nine days they were not allowed to sit in the Council. Therefore if the Deputy Leader of the Opposition talks something on a provision in a Bill passed 18 months ago, I do not think he is wrong."

MR. CHAIRMAN :—" Are you pressing your amendment, Mr. Raza Khan? "

SRI MOHAMED RAZA KHAN :—" Yes, Sir."

MR. CHAIRMAN :—" The question is—

" In the proposed item (vii) of section 5, for the words " six pies ", substitute the words " three pies " ;

In the proposed item (viii) of section 5, for the words " six pies, " substitute the words " three pies " . "

The amendments were lost.

Clause 2 was put and carried.

Clause 3 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* THE HON. SRI M. A. MANICKAVELU :—" Sir, I move—
' That the Madras General Sales Tax and the Madras Tobacco (Taxation of Sales and Registration) (Amendment) Bill, 1955 (L.A. Bill No. 9 of 1955), as passed by the Assembly, be passed.' "

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MR. CHAIRMAN :—“ The question is—

‘ That the Madras General Sales Tax and the Madras Tobacco (Taxation of Sales and Registration) (Amendment) Bill, 1955 (L.A. Bill No. 9 of 1955), as passed by the Assembly, be passed.’ ”

The motion was carried and the Bill was passed.

(2) THE MADRAS CITY CIVIL COURT (AMENDMENT) BILL, ^a 1955
(L.A. BILL NO. 7 OF 1955).

THE HON. SRI C. SUBRAMANIAM :—“ Sir, I move—

‘ That the Madras City Civil Court (Amendment) Bill, 1955 (L.A. Bill No. 7 of 1955), as passed by the Assembly, be taken into consideration.’ ”

This is a simple measure dealing with the jurisdiction of the City Civil Court. Hon. Members are aware that as far as Madras City is concerned, we had a system of courts existing here different from the mufassal courts. The original jurisdiction was being exercised and is being exercised in the City by the High Court and by the establishment of the City Civil Court. Original suits up to the value of Rs. 2,500 were dealt with by the City Civil Court and later on its jurisdiction was increased to Rs. 10,000. Now we are increasing the pecuniary jurisdiction of the City Civil Court to Rs. 50,000. There has been an agitation that the Original Side of the High Court should be abolished in its entirety and the system of judiciary in the City should also be brought in line with that which is in existence in the mufassal. But, taking into consideration the historical aspect and also taking into consideration the various representations made by the Advocates' Associations and other bodies and also after consultation with the High Court, we decided to bring forward this measure which would not abolish the Original Side of the High Court, but at the same time would relieve the congestion in the High Court to a very great extent. Sir, the figure, Rs. 50,000, has been accepted by the High Court also. Therefore, I hope hon. Members of this House will agree to the passing of this Bill without pressing for amendments to reduce the amount or for any other purpose. With reference to technical amendments, if there were any, I shall certainly explain the position, if necessary, when those amendments are moved.”

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MR. CHAIRMAN :—“ Motion moved—

‘ That the Madras City Civil Court (Amendment) Bill, 1955 (L.A. Bill No. 7 of 1955), as passed by the Assembly, be taken into consideration.’ ”

SRI K. BALASUBRAMANYA AYYAR :—“ Mr. Chairman, I appreciate the Hon. the Finance Minister's expressing the hope that there will not be much opposition to the Bill that he has presently moved. But, unfortunately, the party that will be mainly affected, among the other parties, will be the Advocates. The Madras Advocates' Association is not in favour of this change. It